

REGULATION OF BANK INDONESIA

NUMBER: 11/ 30 /PBI/2009

CONCERNING

INTRADAY LIQUIDITY FACILITY BASED ON SHARIA PRINCIPLES

BY THE GRACE OF THE ONE ALMIGHTY GOD

GOVERNOR OF BANK INDONESIA,

- Considering : a. whereas to support the uninterrupted payment system in Indonesia, Bank Indonesia has implemented Bank Indonesia – Real Time Gross Settlement System (BI-RTGS) and Bank Indonesia National Clearing System (*Sistem Kliring Nasional Bank Indonesia/SKNBI*);
- b. whereas to prevent gridlock in BI-RTGS System which may endanger the stability of financial system, Bank Indonesia needs to provide intraday liquidity facility for Sharia Commercial Bank and Sharia Business Unit as the members of BI-RTGS System;
- c. whereas to anticipate any potential failure of Sharia Commercial Bank and Sharia Business Unit to comply with their obligations as the members of SKNBI, Bank Indonesia considers it is also necessary to provide specific intraday liquidity facility for final debit clearing settlement for Sharia Commercial Bank and Sharia Business Unit for other purposes as intended in point b;
- d. whereas with the issuance of State Sharia Securities and Bank

Indonesia Sharia Certificate, Bank Indonesia expands the number of securities which may be used to obtain intraday liquidity facility based on sharia principles;

- e. whereas based on the considerations as intended in points a, b, c and d, it is deemed necessary to re-regulate the provisions of Intraday Liquidity Facility Based on Sharia Principles in the Regulation of Bank Indonesia;

- In view of : 1. Law Number 23 Year 1999 concerning Bank Indonesia (State Gazette of the Republic of Indonesia Year 1999 Number 66, Supplement to the State Gazette of the Republic of Indonesia Number 3843) as most recently amended by Law Number 6 Year 2009 concerning the Stipulation of Government Regulation in Lieu of Law Number 2 Year 2008 Concerning Second Amendment to Law Number 23 Year 1999 concerning Bank Indonesia to Become Law (State Gazette of the Republic of Indonesia Year 2009 Number 7, Supplement to the State Gazette of the Republic of Indonesia Number 4962);
2. Law Number 19 Year 2008 concerning the State Sharia Securities (State Gazette of the Republic of Indonesia Year 2008 Number 70, Supplement to the State Gazette of the Republic of Indonesia Number 4852);
3. Law Number 21 year 2008 concerning Sharia Banking (State Gazette of the Republic of Indonesia Year 2008 Number 94, Supplement to the State Gazette of the Republic of Indonesia Number 4867);
4. Regulation of Bank Indonesia Number 7/18/PBI/2005 concerning the National Clearing System of Bank Indonesia (State Gazette of the Republic of Indonesia Year 2005 Number 65, Supplement to the State Gazette of the Republic

of Indonesia Number 4516);

5. Regulation of Bank Indonesia Number 10/2/PBI/2008 concerning the Bank Indonesia – Scripless Securities Settlement System (State Gazette of the Republic of Indonesia Year 2008 Number 11, Supplement to State Gazette of the Republic of Indonesia Number 4809);
6. Regulation of Bank Indonesia Number 10/6/PBI/2008 concerning Bank Indonesia – Real Time Gross Settlement System (State Gazette of the Republic of Indonesia Year 2008 Number 32, Supplement to the State Gazette of the Republic of Indonesia Number 4820);
7. Regulation of Bank Indonesia Number 10/11/PBI/2008 concerning Bank Indonesia Sharia Certificate (State Gazette of the Republic of Indonesia Year 2008 Number 50, Supplement to the State Gazette of the Republic of Indonesia Number 4835);

HAS DECIDED :

To stipulate : REGULATION OF BANK INDONESIA CONCERNING THE INTRADAY LIQUIDITY FACILITY BASED ON SHARIA PRINCIPLES.

CHAPTER I

GENERAL PROVISION

Article 1

Referred to herein as:

1. Bank shall be Sharia Commercial Bank and Sharia Business Unit.
2. Sharia Commercial Bank shall be Sharia Commercial Bank as intended in Law Number 21 Year 2008 concerning Sharia Banking.

3. Sharia Business Unit shall be Sharia Business Unit as intended in Law Number 21 Year 2008 concerning Sharia Banking.
4. Bank Indonesia – Real Time Gross Settlement System, hereinafter referred to as BI-RTGS System, shall be a system of fund transfer as intended in the provision of Bank Indonesia governing Bank Indonesia – Real Time Gross Settlement System.
5. Bank Indonesia – Scripless Securities Settlement System, hereinafter referred to as BI-SSSS, shall be Bank Indonesia scripless securities settlement system including the electronic administration thereof and the electronic administration of securities as intended in the provision of Bank Indonesia governing Bank Indonesia – Scripless Securities Settlement System.
6. National Clearing System of Bank Indonesia, hereinafter referred to as SKNBI, shall be a clearing system administered by Bank Indonesia as intended in the provision of Bank Indonesia governing the National Clearing System of Bank Indonesia.
7. Debit Clearing shall be an activity conducted in SKNBI to make a debit transfer as intended in the provision of Bank Indonesia governing the National Clearing System of Bank Indonesia.
8. Intraday Liquidity Facility Based on Sharia Principles, hereinafter referred to as FLIS, shall be a funding facility provided by Bank Indonesia to Bank in its capacity as a member of BI-RTGS System and SKNBI which is provided by means of the repurchase agreement (*repo*) of securities which must be settled on the same day as the day of use.
9. FLIS in the context of RTGS, hereinafter referred to as FLIS-RTGS, shall be FLIS provided to address funding problems which are faced Bank during the operational hours of BI-RTGS System..
10. FLIS in the context of Clearing, hereinafter referred to as FLIS-Clearing shall be FLIS provided to address funding problems which are faced Bank during the final settlement of proceeds from Debit Clearing.

11. Bank Indonesia Sharia Certificate, hereinafter referred to as SBIS, shall be short term securities based on sharia principles in rupiah currency issued by Bank Indonesia.
12. State Sharia Securities, hereinafter referred to as SBSN shall be state securities based on sharia principles issued as the evidence of a share of participation in SBSN asset in rupiah currency.

CHAPTER II

APPLICATION REQUIREMENTS AND PROCEDURES

Article 2

Bank may use FLIS, both in the form of FLIS-RTGS and FLIS-Clearing, in the event that it meets the following requirements:

- a. having securities which may be subject to repurchase by Bank Indonesia in the form of SBIS, SBSN and/or other sharia securities stipulated by Bank Indonesia;
- b. having an active status as a member of BI-SSSS; and
- c. having an active status as a member of BI-RTGS and/or not subject to the sanction of suspension as the member of SKNBI.

Article 3

- (1) The securities as intended in Article 2 sub-article a must be free from any forfeiture, lien or in any way, collateralization either to other person or party or to Bank Indonesia and shall not be involved in a case or dispute.
- (2) The securities as intended in Article 2 sub-article a may not be sold or purchased and/or re-collateralized by the Bank.

Article 4

- (1) A Bank requiring FLIS must file a written application to Bank Indonesia.
- (2) The application as intended in paragraph (1) must be accompanied with the following documents:
 - a. agreement on the use of FLIS;
 - b. a copy of the Bank's articles of association or the power of attorney granted by the head office of the Bank to its branch, the head office of which is domiciled abroad which has been declared to be issued as original copy by the Bank ; and
 - c. other supporting documents.

Article 5

Bank may obtain FLIS as intended in Article 2 after upon the approval of Bank Indonesia and the execution of Agreement on the Use of FLIS.

Article 6

- (1) Bank Indonesia shall have the authority to reject the application for FLIS as intended in Article 4 failing to comply with the provisions, requirements and procedures governed herein.
- (2) Bank Indonesia shall have the authority to suspend the use of FLIS, in the event that the Bank is no longer meeting the requirements as intended in Articles 2 and 3.

CHAPTER III

USE

Article 7

- (1) The calculation of the value of SBIS, SBSN and/or other sharia securities which may be subject to repurchase as intended in Article 2 sub-article a shall be stipulated by Bank Indonesia.
- (2) The value of FLIS which may be used by the Bank shall not exceed the value of securities as intended in paragraph (1).

Article 8

- (1) The repurchase of securities in the context of using the FLIS-RTGS and/or FLIS-Clearing shall be made through BI-SSSS facility by using the following means:
 - a. For FLIS-RTGS, Bank must transfer the securities to the account of FLIS-RTGS in BI-SSSS facility during the operational hours of BI-RTGS System when the Bank assesses that FLIS is necessary to ensure uninterrupted transaction in BI-RTGS System (self assessment); and
 - b. For FLIS-Clearing, Bank must transfer the securities to the account of FLIS-Clearing in BI-SSSS facility in the context of providing pre-fund as set forth in the provisions of Bank Indonesia governing the National Clearing System of Bank Indonesia.
- (2) The securities subject to repurchase in the context of FLIS-Clearing as intended in paragraph (1) may not be used for FLIS-RTGS.

Article 9

- (1) FLIS-RTGS shall be used automatically when the balance of the Bank's rupiah giro account with Bank Indonesia is insufficient to make outgoing transaction.

- (2) FLIS-Clearing shall be used automatically when the balance of the Bank's rupiah giro account with Bank Indonesia is insufficient for the Bank to perform its obligations with regard to the final settlement of Debit Clearing.
- (3) FLIS-RTGS and FLIS-Clearing as intended in paragraphs (1) and (2) shall be used respectively based on the sufficiency of the value of securities for using FLIS-RTGS and FLIS-Clearing.
- (4) In the event that the value of securities for using FLIS-Clearing is insufficient to perform the obligations with regard to the final settlement of Debit Clearing as intended in paragraph (2), the value of securities for using FLIS-RTGS automatically available shall be used to perform the obligations with regard to the final settlement of Debit Clearing.

Article 10

Bank Indonesia may limit the types of transaction for which the use of FLIS is allowed.

Article 11

Bank Indonesia may charge fees for using FLIS and/or charge other fees related to the use of FLIS to the Bank.

CHAPTER IV SETTLEMENT

Article 12

- (1) FLIS shall be settled automatically by the BI-RTGS System any time an incoming transaction is made crediting the relevant Bank's rupiah giro account with Bank Indonesia until the deadline for FLIS settlement.

- (2) The Bank must settle FLIS prior to the deadline for FLIS settlement set by Bank Indonesia.
- (3) In the event that the Bank does not settle the value of FLIS until the deadline for FLIS settlement set, the unsettled value of FLIS value shall be treated as a repurchase transaction with Bank Indonesia with 1 (one) day term.

Article 13

- (1) The Bank may re-transfer the securities used to obtain FLIS from the FLIS account to the Bank's securities account in the following events:
 - a. FLIS has been settled as intended in Article 12; and
 - b. securities used for FLIS-RTGS are not currently used for FLIS-Clearing.
- (2) The re-transfer of securities used to obtain FLIS-Clearing from the account of FLIS-Clearing to the Bank's securities account shall be subject to the provisions of Bank Indonesia governing the National Clearing System of Bank Indonesia.

CHAPTER V OTHER PROVISIONS

Article 14

In the event that a failure occurs in BI-RTGS and/or BI-SSSS System which as a result, the Bank is unable to settle FLIS, FLIS shall be settled automatically in the event of an incoming transaction is made by BI-RTGS System, immediately after BI-RTGS and/or BI-SSSS System is back in operation.

Article 15

The Bank, which at the time this Regulation of Bank Indonesia comes into effect, has signed an Agreement on the Use and Collateralization of FLIS must replace the agreement with the Agreement on the Use of FLIS as governed in the Circular Letter of Bank Indonesia.

CHAPTER VI CLOSING PROVISION

Article 16

Further provisions of this Regulation of Bank Indonesia shall be set forth in the Circular Letter of Bank Indonesia

Article 17

With the coming into effect of this Regulation of Bank Indonesia, Regulation of Bank Indonesia Number 7/24/PBI/2005 dated August 3, 2005 concerning the Intraday Liquidity Facility Based on Sharia Principles for Commercial Bank shall be revoked and declared as invalid.

Article 18

This Regulation of Bank Indonesia shall come into effect as of date of its stipulation.

For public cognizance, ordering the promulgation of this Regulation of Bank Indonesia by publishing it in the State Gazette of the Republic of Indonesia.

Stipulated in Jakarta

On July 7, 2009

Temporary Official of the GOVERNOR
OF BANK INDONESIA,

MIRANDA S.GOELTOM

Promulgated in Jakarta

On July 7, 2009

MINISTER OF LAW AND HUMAN RIGHTS OF
THE REPUBLIC OF INDONESIA

ANDI MATTALATTA

STATE GAZETTE OF THE REPUBLIC OF INDONESIA YEAR 2009 NUMBER

108

DPM

ELUCIDATION
OF
REGULATION OF BANK INDONESIA
NUMBER: 11/ 30 /PBI/2009
CONCERNING
INTRADAY LIQUIDITY FACILITY BASED ON SHARIA PRINCIPLES

GENERAL

In conducting its business activity, Bank may experience short term funding problems caused by a mismatch between the inflow and outflow of funds. By validating the transaction settlement through Bank Indonesia – Real Time Gross Settlement System (BI-RTGS) where payment transaction is settled one by one in real time, Bank may experience funding problems in a very short term. The intended funding problems are caused by the mismatch of time and/or value between the outgoing and incoming transactions. If the problems experienced by the Bank or several Banks are not solved immediately, there is a concern that they may cause gridlock which may disturb the uninterrupted payment system and eventually may cause instability in the overall financial system.

In order to address the aforementioned gridlock, Bank Indonesia provides funding facility for a very short term during the operational hours of BI-RTGS System in the form of Intraday Liquidity Facility (FLIS) Based on Sharia Principles which Bank must settle on the same day.

In addition to address any gridlock in the BI-RTGS System, the provision of FLIS is also required to address the obligations imposed with regard to the final settlement of Debit Clearing to Bank Indonesia as the operator of clearing system. With respect to that matter, Bank Indonesia considers that it is necessary to stipulate a policy requiring the members in Debit Clearing to provide prefund in the form of cash and/or securities (collateral) at the beginning of each day prior to the commencement of Debit Clearing. In order to provide prefund in the form of

securities, the provision, use and settlement mechanisms will be provided in the form of FLIS specifically for clearing as FLIS for BI-RTGS System transaction.

This provision of FLIS is in accordance with the performance of duty of Bank Indonesia to govern and maintain the uninterrupted payment system as stipulated in Article 15 of Law Number 23 Year 1999 concerning Bank Indonesia as most recently amended by Law Number 6 Year 2009 concerning the Stipulation of Government Regulation in Lieu of Law Number 2 Year 2008 concerning Second Amendment to Law Number 23 Year 1999 concerning Bank Indonesia to Become Law.

ARTICLE TO ARTICLE

Article 1

Self-explanatory

Article 2

Sub-article a

Securities which may be subject to repurchase shall be securities owned by Bank of FLIS user and registered in the BI-SSSS facility. Other sharia securities which may be subject to repurchase are stipulated in the Circular Letter of Bank Indonesia.

Sub-article b

Referred to as having an active status is as intended in the Regulation of Bank Indonesia concerning Bank Indonesia- Scripless Securities Settlement System

Sub-article c

Referred to as having active status is as intended in the Regulation of Bank Indonesia concerning Bank Indonesia – Real Time Gross Settlement.

Criteria for the imposition of sanction of suspension as the member of SKNBI are subject to the Regulation of Bank Indonesia concerning the National Clearing System of Bank Indonesia.

Article 3

Self-explanatory

Article 4

Paragraph (1)

Self-explanatory

Paragraph (2)

Sub-paragraph a

Self-explanatory

Sub-paragraph b

In the event of UUS, referred to as articles of association are the articles of association of conventional commercial bank of the relevant UUS.

In the event that the Bank is incorporated as regional-owned enterprise, Bank shall attach the regional regulation as the basis for the establishment of the bank.

Sub-paragraph c

Referred to as other supporting documents, are among other things, the copy of valid identification card in the form of Identity Card (KTP) or passport.

Article 5

Self-explanatory

Article 6

Self-explanatory

Article 7

Self-explanatory

Article 8

Self-explanatory

Article 9

Paragraph (1)

Referred to as the automatic use of FLIS-RTGS is FLIS-RTGS is immediately granted to Bank in the event that the balance of the Bank's rupiah giro account with Bank Indonesia is insufficient to make outgoing transaction.

Paragraph (2)

Self-explanatory

Paragraph (3)

Self-explanatory

Paragraph (4)

Self-explanatory

Article 10

Self-explanatory

Article 11

The amount of fees for the use of FLIS and other fees related to the use of FLIS is stipulated in the Circular Letter of Bank Indonesia.

Article 12

Paragraph (1)

In the event that Bank continues using, partially or entirely, FLIS approved by Bank Indonesia, the BI-RTGS System automatically uses the funds originating from incoming transaction to first settle FLIS. The process of FLIS use and settlement continues until the deadline for FLIS settlement.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Article 13

Self-explanatory

Article 14

Referred to as the failure of BI-RTGS System is the failure of RTGS Central Computer (RCC) which as a result, all member Banks of BI-RTGS and/or Bank Indonesia are unable to make any transaction from the RTGS terminal (RT) to RCC.

Problems in one or some RT and/or problems in RTGS network which as a result, one or several Member Bank(s) of BI-RTGS could not transmit their transaction to RCC are considered as the failure of BI-RTGS System.

Referred to as the failure of BI-SSSS System is the failure of SSSS Central Computer (SCC) in the BI-SSSS facility which as a result, all Banks and/or Bank Indonesia could not transmit any transaction from SSSS System Terminal (ST) to SCC.

Article 15

Self-explanatory

Article 16

Basic principles to be governed in the Circular Letter of Bank Indonesia include, among other things:

1. The procedures for filling FLIS application, including its supporting documents;
2. The deadline for the use and settlement of FLIS;
3. The procedures of transfer of securities to FLIS-RTGS account and FLIS-Clearing and vice versa;
4. The repurchase transaction mechanism with Bank Indonesia in the context of FLIS; and
5. The procedures for the calculation and imposition of fees for the use of FLIS and/or other fees related to the use of FLIS;

Article 17

Self-explanatory

Article 18

Self-explanatory

SUPPLEMENT TO THE STATE GAZETTE OF THE REPUBLIC OF
INDONESIA NUMBER 5034